

THE ALIGNMENT OF SYSTEMS THEORY APPROACH TO CORPORATE SOCIAL RESPONSIBILITY AS A CONTEMPORARY ISSUE WITH FOCUS ON THE HOST COMMUNITY

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ABSTRACT

Corporate social responsibility plays a very vital role in the internal and external environment of business. The essence of this work is to align CSR and the systems theory approach in today's business atmosphere. System theory approach enhances the understanding, practice and process of CSR. Every organisation operates within an environment, environment here refers to the host community to the organisation. There is an expectation of both parties for there to be a smooth sail, it is important that organisation fully engage with her host community and fully integrate them into their business operations. Technological advancement is a change driven development in the environment in which the business operates, reason is that technology brings the world closer by increasing the awareness of the external environment internally. This paper will provide organisations with a support structure needed for understanding corporate social responsibility from an open system's perspective with respect to the community in which the organisation operates. A well-integrated corporate social responsibility eradicate organisation's vulnerability to its barest minimum.

KEYWORDS: Corporate Social Responsibility, Systems Theory & Host Community

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INTRODUCTION

The success of any business is dependent to a large extent on the organisation's ability to strike a balance between its internal activities and the external environment in which such organization operates. The society enables businesses to thrive, this enablement is facilitated by elements in the external environment for which it is imperative and necessary for today's organizations to meet their goals by recognizing these key elements. There is an unearned benefit in being socially responsible as it amount to contribute to the sustainability of the society at large. Being socially responsible has made the phrase Corporate Social Responsibility (CSR) a key factor in most organisations especially the oil and gas sector. It has become an acceptable practice to consider the stakeholder interest in carrying organization functions. CSR principles might be same, but in practice it differs because the uniqueness of issues call for measures best fit to sort the issue that arises: the turbulence associated with the external business environment differs from country to country and organisation to the organization (Korchun et. al., 2014). The understanding of how organisations should relate to the environment has advocated opportunities for business success and profitability leaving stakeholders with the idea and the feeling of being a part of the big

picture. This paper seeks to examine the alignment of corporate social responsibility and systems theory of the contingency management era. It is necessary to align CSR and to also integrate it into the policy at both governmental level and organization based for peaceful coexistence and organisation's wellbeing. The organization gets engaged in CSR with an uncertainty as to its benefit and interest to both their business and the society at large. The ability to reconcile this interest in an order of prioritization is challenging; hence, it is imperative that organisation scan their environment to know what is obtainable with the use of technology within the concept of the open systems theory and the role of the host community in providing peace, enabling environ is negated.

CONTEMPORARY MANAGEMENT ISSUES

These are issues that pose a threat to the modern day organization; issues we can relate to present are:

- Employee rights,
- Gender issues,
- Workplace Diversity,
- Job dissatisfaction,
- Change management,
- Technology and
- Corporate Social Responsibility.

For the purpose of this work corporate social responsibility was considered.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility came into focus in the early 19th century, though it failed during the World war 11 and was not considered an important issue until emerged as a noticeable concept in 1951 (Carroll, 2008). There several definitions of corporate social responsibility from diverse schools of thought resulting from the various meaning the individuals attach to the concept; corporate social responsibility however can be viewed poorly. CSR is viewed and understood multifariously by different scholars, people and organisations. According to European Commission (2012), CSR is a concept for companies to integrate social, environmental concerns in the running of their business operations which is also conveyed in their interaction with their stakeholders. United Nation (1991) describes CSR as an overall contribution to business for sustainable development, creating a pattern of resource that is aimed to meet the needs and preserves the business environment for the future generations. CSR is a philosophy of business conduct and the concept applied by the business community, organisations and individuals for resource sustainability and preservation for the future generation. According to Carroll, (1999) CSR is a legal responsibility or liability that cannot be equated to a simple charitable contribution, but rather a valid legitimate duty to the people (stakeholders) by the organisation. According to Frederick (2006), CSR is a business obligation on the part of the organisation concerned to offer to the stakeholders within the business locality with an aim to conduct the affairs of the business in order to maintain an equitable and workable balance among the claims of various groups of interest to create a lasting harmony. Based on, these definitions of corporate social responsibility, I can confidently say it paves way for business continuity by way of bringing the business closer to society, for profitability, possibilities and tranquility. An organisation can thrive on institutions that are inclusive in nature

with the tendency of carrying every stakeholder along irrespective of the complexity CSR may likely exude with respect to the host community concept. CSR requires conscious effort and attempts by organisations for the enhancement and preservation of their business operations. Corporate Social Responsibility is the organisation giving back to society as a form of compensation for impacts and effects resulting from their activities on the environment, it is an organisation-regulating mechanism to put to a halt injustice from shrewd business owners and organisation. It has become important that organisations accept and be responsible for the impact on the environment, consumers, employees, communities, stockholders and the entire society resulting from activities that has the capacity affect negatively (Moskolai, 2016). Corporate Social Responsibility has been in existence, but seemed to be an overwhelming concept in the organisation and its external environment.

THE EXTERNAL ENVIRONMENT

The external environment here refers to outside influences that impact on the smooth running of the business operations.

The external environment is made up of the

- Physical
- Political
- Economical
- Social
- Technological
- Legal

The environment to a large extent leads to the success of a business and the reaction of the business to these environmental factors is a key ingredient in making the success a reality. The communities is a constituent of the environment and has what it takes to impact the organization either negatively or positively. The focal point of this paper with regards to the environment is the community as a subset of the society (Babiak; 2011).

SOCIETY

According to Frederick (2006), CSR suggests a general posture on society with a dogged reaction to utilize social ends and the high rate of interests within the social system. The range of interest on CSR related issues has broadened overtime in the society, for example, the government, individuals and groups within the environment of which the community is part. The community does not operate in isolation, its activities are societal based. Society according to Haralambos & Holborn (2013) is a set of interconnected parts which form the whole and these parts are viewed primarily in terms of their relationship to the whole: the community, family and religion are constituents of these parts. In order to understand these sub parts, it is important to understand the relationship the subset has to the set. Organisation's responsiveness to society or its subset by way of giving back is the key for such organization to operate harmoniously. The society cannot be ignored by the organization if profitability, productivity and growth are considered important, activities must of necessity impact the society positively (Sydney 2017). The initiative of these organisations should be to provide long term benefit for the society that will result into societal transformation and change: a healthy people make for a

healthy society which a collection of individuals: society has to be present in the individual (Durkheim, 1912) and the community is that part of society that houses the individuals giving them a sense of belonging and ownership mentality.

COMMUNITY

According to Itanyi (2002), the concept of community is as old as man, it actually started from the time when man began to settle and started living in bands of reasonable number of people. He further stated that from there other developmental processes followed, which were taught and learned. He defined community simply as a group of people living in one place with a mutual understanding and working towards the achievement of some mutual goals. In this same vein, Anyanwu (1991) defines community “as a group of people living in one place, village or town and working for the good of the community. The activity of these people is strong enough to pull down an empire.

Below is a list of the characteristics of a community:

- Shared territory
- Shared beliefs
- Shared bonds of fellowship
- Set a standard or pattern of behaviour
- Common culture
- Common administration
- Common Language

CSR for the host community encourages the organisation to be fully aware, actively involved and voluntary readiness to continue in the welfare and interest of the community they operate in especially when their activities hampers on the total wellness of the people. Relationship with the community must be healthy and perceived to be positive, Organisations must employ ways and methods in the establishment and maintenance of a mutually beneficial relationship with the host community as business activities and profitability can be put on hold by restive youth about the environment: This has always been the case with the oil and gas company within our localities, in our creeks and environs. This is a contemporary issue if not given a platform can frustrate business and can also result into clashes that may take human lives. It is important for organisations to develop a practical framework that is committed to sustainability and responsible business practice (United Nations Global Compact, 2010). A faulty CSR can harm the reputation, brand and image of the organisation, thereby leading to financial loss through stunted opportunities. It has become the responsibility of aggrieved youths to blow up pipelines, steal crudes and locally refine them and steal site machines. These issues come to play when there is a perceived, existing and glaring gap between community’s expectations of the organisation. On the part of the organisation sensitivity is key, know when to anticipate and participate because a mismanaged CSR can scan the vulnerability of the organisation for external viewing (Kytte, 2005). The community wants to have a sense of co-ownership (co-ownership mentality) and as such it is important for organisations to rethink CSR in the following areas:

Value System

CSR creates worth, resources are provided to strengthen the host communities, giving them a sense of love and support. It is important that organisations have a very strong value system allowing social purpose to be shaped by these

values. Community initiatives are supported by the organization (Bryan & David, 2007).

Strategy

Strategy as we know is a planned, deliberate and preconceived action geared into by the organisation and it is usually long term inclined and a blue-print course of action. CSR enhances strategy is all of the above and more, it is designed to produce benefits, especially for courses that support community development. The right strategy have impact on policies guiding organisation efforts for long term economic interest (Kash, Lisa &Sohel, 2015).

Public Influence

Unity is a force if properly channeled can bring about positive results. The public glamour for organisation to do well and imbibe best practices, it has become and will always be a driving force for CSR agenda in organisations, even host community's agitation on implementation of their benefits can be enough pressure (Harry, 2014).

It is important to set a vision, understand the major players at the community front, discuss issues, and search for solutions. The truth is CSR is beyond organisation prerogative, organisations need it for their core business strategy and as such it is an obligation on the part of the organisation to its host community: creatively engaging the community and the organisation can go as far as raising funds, community volunteering etc. CSR if rightly channeled, promotes growth and development in the environment and this is because corporate social responsibility has a tilt towards aiding the mission of the organisation both directly and indirectly. Until the early 20th century, even countries are seeing the need for a well stratified and strategic CSR included in the policies and agendas: In December, 16th 2008 Danish parliament mandated organisations both private and state owned and investors include CSR information on their financial reports effectively January 1st, 2009. India under the companies Act, 2013, it is mandatory for organisations with a net profit worth 500 crore and above turnover spends 2% on CSR, effective April 1st 2014. Recently here in Nigeria, efforts have been made to discuss making a specific law which satisfies for CSR, although, it can be argued that there are provisions of these organisational obligations, whether directly or indirectly regulating CSR: to an extent in Nigeria CSR is voluntary rather than compulsory, laws on petroleum lacks contents to ensure compliance and enforcement e. g. The Shell and Ogoni issue. The Ogoni-shell crisis between 1976and 1996 recorded 4647 oil incidences with long standing cases resulting in protest on the part of the community (Leslie, 2005)). Insensitivity on the part of the organisation in the affairs of the communities can be tagged negligence because contractual agreements were entered into by leaders of the community who have little or no idea of their natural endowments, terms of contracts with adequate laws and memorandum of understanding should be updated periodically e.g. yearly, once in two years so on and so forth. Harmony amongst both parties of the contractual agreement is needful (Ikelegbe, 2005). According to Aghalino (2002) the exploitation and agitation exercise in communities with natural endowment (oil) will continue if adequately handled with regulatory laws that do not infringe on rights, obligations and benefits.

CONTEMPORARY ERA OF MANGEMENT

An era is a period, time frame, an age for within which an activity occurred usually more than one year. Life is a circle and it is the happenings around our activities that begins history serving as reference for learning. The first industrial revolution as an activity of man at the work place birthed the first management era called the classical era, the flaws of this era were looked at and upgraded to formed the neo/new classical and in the vein of seeking for better management theories that answers the issues emanating from the work place alongside civilization and globalization give rise to an era called the

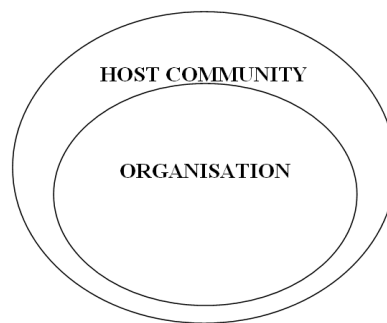
contemporary era where organization are not left with one way of understanding the workplace relationship or solving problems but are exposed to a pool from which the needful theory is sorted and applied where necessary. This era span from the 1945 till present, it is the modern era of management and it is seen as “the something big”, creating value beyond tasks, goods produced, workers' relationship, workers pay and service rendered (Kuez-Riedl, 2006). Value created in this era in addition to the eras before are

- Information use and management
- Quantitative analysis
- Provision of advanced services
- Networking and interconnectivity etc.

This era meets the demand and matches the issues of the X generation and the millennials: This is the machine era. There are theories that make up this era, such as the contingency theory, political theory, conflict theory, Decision theory, Intuitive theory, economic theory, systems theory etc. The focus of this paper is on one of the theories of the contemporary era called the **system theory**.

SYSTEMS THEORY

A theory is a systematic arrangement and grouping of interrelated ideas whose task are tied giving a framework for significant knowledge (Koontz et al, 2005). According to Jones & George, (2003) they believe that the contemporary era covering the early 20th century till date is agreed to be the bedrock in today's decision making that benefits the organisation and of which the system theory is a part. In order to identify the possibilities in the business environment, the systems theory is considered. The systems theory is pioneered by Bernard Chester which happens to be one of the most prominent theories in the contemporary management era. This theory was proposed in 1940 by a biologist called Ludwig von Bertalanffy and furthered by Ross Ashby. Von Bertalanffy buttressed that most systems are open to, and interrelate with the external environments by the acquisition of qualitatively new properties through emergence resulting from continual evolution. The systems theory treats an organization as a system that is either closed or open, but most approaches treat an organization as an open system because of its interaction with its environment by way of inputs, processing and outputs, it is any set of distinct parts that interact to form a complex whole”. An organization is also said to be a system because it comprises of parts such as “employees, assets, products, resources, and information that forms a complex system”. As noted in the definition above, systems can be open or closed. In this context the systems theory is to align with corporate social responsibility as a tool for embracing what the environment offers in the area of the host community. Macmillan and Gonzalez (1973) analyse that a system definition will be considered incomplete without a system in relation to the environment, reasons are that the environment is the set of all entities such as the organization and the community in which it operates in this case and a change occurring in the environment affect these entities.



Source: Researcher's desk

Figure 1: Organisation and Host Community Relationship

This theory views the organisation as a purposeful and well verified component of interrelated and inter-dependents entity, working together to achieve a common goal (Hicks & Gullet, 1981). According to Ottih, (1996) types of system varies from closed and open system to simple and complex system to stable and dynamic system to adaptive and non-adaptive system to permanent and temporary system to deterministic and probabilistic system down to physical and conceptual system, but this paper focuses on the closed and open system. Closed systems are not influenced by and do not interact with their environment, the reverse is the case with an open system that allows interaction of systems and factors both internally and externally. The qualities of these interactions are crucial to birth harmony amongst the composite parts and entities within and outside the environment. To a large extent, it is important to understand that in the system perspective, every part of the organisation gives equal attention for improved corporate organization's success. I can comfortably say a healthy organisation is one in which there is peace, agreement, condition and terms are duly followed, not party feels cheated by the other. A system is a whole that consists of many parts with each of these parts being able to affect the actions and properties of the whole. Amazingly, these parts are constituents of a subset sufficient of the environment to carry out specific functions of the whole. According to Ackoff (1999). The effect of any essential parts on the system as a whole to a large extent depends on the behaviour of a subset. CSR can be viewed as a distinct parts both socially, economically, environmentally and otherwise. Understanding the interconnectivity and the interrelationship of corporate social responsibility is key because CSR can be complex, but with a system that necessitate rewards.

CSR AND THE SYSTEMS THEORY

Technological advancement makes it easy today for organizations to understand the uniqueness of their environment of business before they even pitch their tents. Technically, the systems theory is considered a standpoint for conceptualizing individual and organizational change with respect to a change in the environment. According to Aguilera and Williams (2008), suggesting that attitude towards CSR is influenced by norms and culture at both the national and organisational level. Environmental factors on which corporate social responsibility expectations and practices are founded varies in strength and direction. Today, the expectations and practice of CSR are raised by a group of individuals in most organisations called liaison officers or opinion influencers, in other cases the government is the deciding link bridging the line between the community and the organisation. CSR demands that people think, decide, and act on a very broad base instead of reducing horizons or the narrowing businesses to find profit alone. It is about understanding the trends, responding fast and quickly to issues, Know when the system is opened for interaction, perceive the turbulence and put in place a disaster recovery mechanism, academically empower the youths and employ the good heads, provide skill acquisitions, be a part of the activities in the environment and if possible cut down on flamboyance (as much as possible

staff should be simple), learn the basics of the language and start communication in the mother tongue of the host community. The integration of CSR into organized activities creates room harmony with their host in the external environment (Aguilera and Williams, 2008).

What organization sees as raw or basic material for production or manufacturing, is actually an endowment considered hallowed. It's the synergy and bond between the internal and external environment that breeds a peaceful coexistence between the host community and the organisation. A continuous interaction and integration of CSR gives an organization the opportunity to catalogue information that forms a base of knowledge about CSR issues, risks and management or solutions provided. The system is so open that policies, process, procedures and major decisions can change to accommodate an external force like the host community. To be a host community intelligent is wisdom for business growth and expansion. Wood (1991) suggested that CSR viewed as an ideal that is interconnected with the internal and external variables in environmental. Any organization that wants to operate with minimal external constraints must be socially responsible, systematically sensitive and readily available in order to achieve harmony of the interest groups. Organisations that desire to thrive must;

- To take initiatives that promote greater environmental involvedness,
- Environmentally friendly technology should be developed and encouraged,
- Reduction of chemical substance that pollutes the atmosphere, causing climate change and airborne diseases,
- Avoidance of damage to aquatic ecosystems and land degradation etc.

Community engagement is very essential to the organisation, government and the society, the system need to be put in place to make this happen. Systems are endangering of being unsustainable if there is increased complexity to the point of straining the absorptive capacity of the environment; moreover to prevent this occurrence, systems ought to increase sensitivity to the environment. The organization's ability to sustain the environment indicates how the systems theory aligns with the corporate social responsibility of the organization with a focus on the community.

CONCLUSIONS

Conclusively, we can say that a positive approach to CSR will remain the solution to disgruntledness and restiveness by the host community and it is also very important that organization are held liable legally, ethically and socially where they default in the actualization of CSR. In today's world of globalisation and technological advancement, contemporary issues affect the organisation both internally and externally since the organization does not operate in isolation. CSR happens to be a voluntary but a compulsory mechanism for business operation and profitability. The relevance of the systems theory can be felt by all contemporary issues an organizations face.

RECOMMENDATIONS

Voluntary and compulsory CSR serves as a regulatory measure for curbing restiveness and its likes in the community. In order to realize a peaceful co-existence, organisation will learn to carry their host communities along, understand the modern diversities of the system theories, and maximizes take holders' value via the triple bottom line reporting of CSR (Economical, social and environmental aspects) and to appreciate the major shifts in management.

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